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STRATEGIC PLANNING IN HIGHER EDUCATION INSTITUTIONS

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ABSTRACT

This concept paper discuss about the importance of strategic planning in higher education system. The literature review embarked on strategic planning and funding higher education with the intention on methods, policies, and global trends with comparisons from different perspectives to enhance understanding of the study. The integration of strategic planning in higher education has provided a framework to facilitate institutions vision, mission, values, goals, and strategies. Therefore, the desires to improve the efficiency and effectiveness of strategic planning by implementing the performance indicator in higher education institutions have generated policies and methods to promote long term benefit to the economic growth.

Keywords: strategic planning, higher education, funding, performance indicators

Introduction

The question either strategic planning works in higher education has been addressed by Dooris, Kelley and Trainer(2004). After reviewing the literature and further discussion with the expertise, they concluded that a convincing, generalisable empirical study of the efficiency of strategic planning implementation in higher education has yet to be published and there is no definitive answer to the question. This is because strategic planning for Higher Education Institutions (HEIs) occurs in a complex, dynamic, changing environment (Dill, 1996), increased competition (Neave, 1995), not readily amenable to controlled studies, or even to quasi - experimental design (Dooris, et al., 2004). Nevertheless, in the context of strategic planning execution in HEIs, Choban, Choban and Choban(2008) argued that the process is often truncated by the absence of clearly defined and reliably documented outcomes. This is due to the impacts of other influences for instance institutional leadership, demographic changes, funding, politics, social, and cultural forces. Furthermore, university are driven to engage with strategy planning to address the challenges of the knowledge society and by variety of forces (Bonaccorsi & Daraio, 2007; Lerner, 1999). Through this plan, institutions will likely

to stimulate the priorities and activities to maintain and improve the quality of the services in today changing environment.

Higher Education and Strategic Planning

Taylor, Machado and Peterson(2008), address a more reasonable points of views why HEIs need to develop strategies. It appears that higher education today has been influence by the market as Newman and Couturier (2002) disclosed that the market has arrived and there is no turning back for it. Therefore, the implementation of market policies will likely have significant impact on the academic systems. Market forces, driven by the threat of competition have led to the emergence of higher education as business. As a result, institutions have been under pressure to expend rapidly and redefining its roles and vision in the 21st century. The vision proposed by Moja(2007) is that the transformation of HEIs to become initiators of changes rather than just responding to external pressures and external needs. In response to Taylor, Machado and Peterson(2008), Kettunen(2008)indicate that HEIs need to adopt their resources, activities, and knowledge so that the strategy can be seen as the direction and scope in to achieve desired outcomes in changing environment.

Strehl, Reisinger and Kalatschan(2007a), (2007b) on their study of funding systems and their effects on higher education systems have summarise the overall effects of funding system in supporting the achievement of university goals and their strategic ways as follows:

- i. The new funding system leads institutions behaviour in order to achieve desired goals;
- ii. The proposed strategy aims at refining and providing institutions greater focus on improving the quality of teaching and research;
- iii. The intention to achieve changes at greater degrees in a new era and knowledge-based; and
- iv. With the complex challenges faced by institutions, implementation of new management instruments are seen as major overall goals and challenges to achieve the main university goals.

In the meantime, demands for accountability have increased dramatically and institutions need to integrate strategy through financial planning and performance. Most often, this approach would be very critical for the institutions in order to supply information which is relevant to the public choice (Bratti, McKnight, Naylor, & Smith, 2004). Kallison and Cohen(2009) on their study of a new compact for higher education: funding and autonomy for reform and accountability in United States has recommended the multiple approaches to higher education accountability: (1) each individual university have to set educational goals that reflect their vision and mission; (2) despite the progress that has been made, accountability measures should be available to public; and (3) accountability system is to improve and accountable for institutional performance towards stated goals. As the role of higher education has changed with the challenge to meet higher expectations from the public point of views, LeRoux and Wright(2008) attributable two factors: (1) management reforms; and (2) increase concern of non-profits accountability as the rationale for the organisation to design and implement performance measurement. Thus, the obligation to be more transparent and accountability in today's competitive environment is a must and HEIs need to address the issues seriously (Global University Network for Innovation, 2009; Moja, 2007). The "business as usual" is no longer acceptable to represent the operation of higher education from the public perspective (Rowley, Lujan, & Dolence, 1997). Higher educational centres have bloomed drastically and therefore this scenario propelled the government and institutions to develop plans and strategies in order to ensure the HEIs is able to be more competitive. As a result, the development of performance and outcomes measurements is needed to deal with the effectiveness of HEIs.

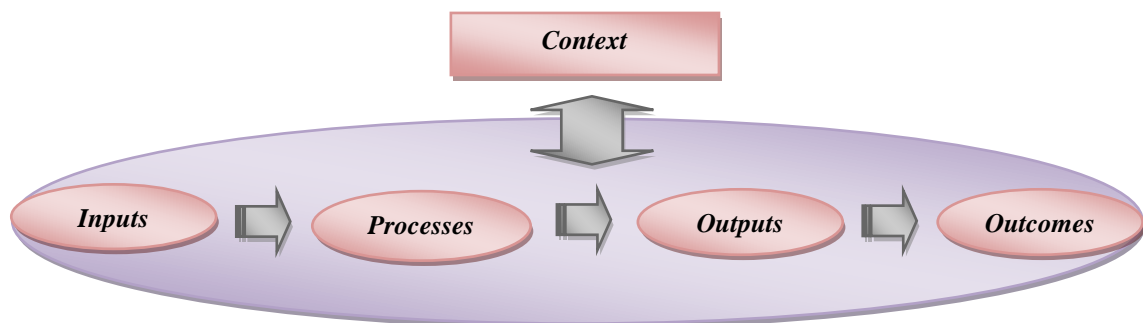
In the context of the HEIs, most recent performance indicators used to measure institutional performance including teaching and research is to set out on budgeting and resource allocation. Anderson, Johnson and Milligan(1996, pp. 3-4) explained as a basis for funding, the indicators could suggest:

- i. Which are the most efficient institutions and components, and therefore likely to best use the funding receive?
- ii. Which are the most effective institutions and components in achieving their goals? and
- iii. Which institutions and components achieve the highest quality or rate of quality improvement?

Performance Indicators

Burke (2002) stated that performance indicators can be categorised based on inputs, processes, outputs, and outcomes (see Figure 1 and Figure 2): (1) Inputs – human, financial, and physical resources received to support programs, activities, and services: (2) Processes – are the methods used to deliver the programs, activities, and services: and (3) Outputs – quantity of products produced, and (4) Outcomes – quality of the benefit or impact of programs, activities, and services on students, states, and society.

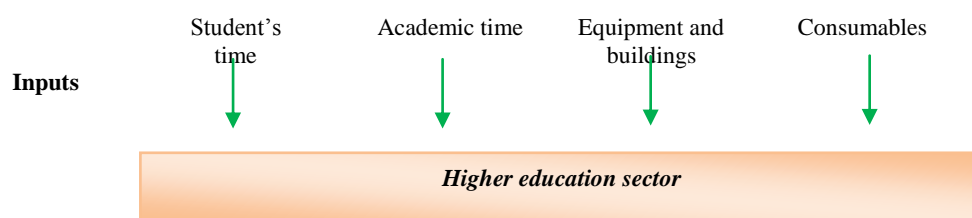
Figure 1: General Reference Framework for the Construction of Models

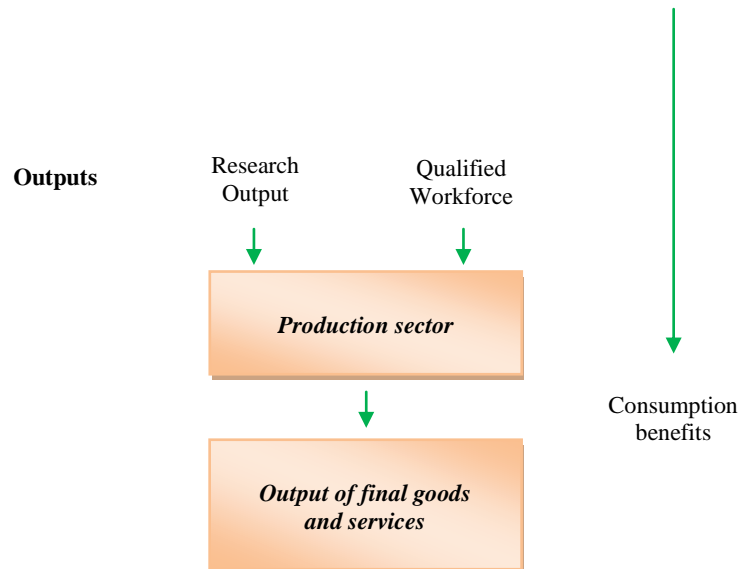


Source: Adopted from Caração, Conceição and Heitor(1998)

Higher education requires a variety of resources (Input) to support programs, activities, and services in teaching and research. This task and activities make up work process transform inputs into output that the customer receives. Today, HEIs are being called to account for the quality (Outcomes) of education that they provide and they need to have a mechanism to measure their achievement (Abdullah, 2006). In order to determine the achievement of the quality, institutions need to adopt performance indicators to predict service quality. The fact that universities have a variety of activities and that the results that they obtain are diversified, makes it much more difficult to evaluate their quality (Murias, de Miguel, & Rodríguez, 2008).

Figure 2: Inputs and Outputs in Higher Education





Source: Adopted from Cave, Kogan and Hanney(1989)

The implementation of performance indicators becoming a cornerstone for measuring the institutional effectiveness that promotes strategic linkage with overall performance. In general, the performance indicators shown in table below are determined by a range of input and output indicators.

Table 1: Performance Indicators Implemented in Higher Education

No	Source	Teaching	Research
1	<i>Selected performance indicators in higher education.</i> Cave, Kogan and Hanney(1989)	<ul style="list-style-type: none"> • Entry qualifications • Degree results • Cost per student or ratio • Value added • Rate of return • Wastage and non-completion rates • Employment on graduating or after five years • Student and peer review 	<ul style="list-style-type: none"> • Number of research students • Publications patents • Research quality • Research income • Peer review • Reputational ranking
2.	<i>Variables for analysing higher education institutions in Europe.</i> Bonaccorsi and Daraio (2007)	<ul style="list-style-type: none"> • Number of undergraduate students • Number of undergraduate degrees • Number of PhD students • Number of PhD degrees 	<ul style="list-style-type: none"> • ISI publications • Other publications • Licensing revenues • Patents held

No	Source	Teaching	Research
			<ul style="list-style-type: none"> Spin-off companies formed
3.	<i>Quality of teaching and learning indicators in Australia</i> Chalmers(2008)	Category of indicator Quality of teaching Student progress and achievement	Performance indicator Perceived teaching quality – Course Experience Questionnaire (CEQ) <ul style="list-style-type: none"> Student progress rate Program completion rate
3.	<i>Quality of teaching and learning indicators in Australia</i> Chalmers(2008)	Category of indicator Quality of teaching Student progress and achievement	Performance indicator Perceived teaching quality – Course Experience Questionnaire (CEQ) <ul style="list-style-type: none"> Student progress rate Program completion rate
			<ul style="list-style-type: none"> Mean completion time Research higher degree productivity rate
		Graduate employment	Graduate employment status

Although there are existence of vary models for Performance Measurement System (PMS), the objective of it is still in the scope of measuring the organisation's outcome for both public and private sector. Najmi, Rigas and Fan(2005)indicated that PMS can ensure the strategic alignment of the organisation and communication of the strategy throughout the business. Today, the great numbers of integrated frameworks have been developed such as the Balanced Scorecard (Kaplan & Norton, 1996), the Performance Prism (Neely, Adams, & Crowe, 2001), and the Performance Pyramid (Wedman, 2009), the Integrated Performance Measurement Methodology (Bititci, Carrie, & McDevitt, 1997) and the Cambridge Performance Measurement Methodology (Bititci, Turner, & Begemann, 2000) in order to measure organisational performance. However, Rantanen et al.(2007) point out that there is an empirical experience stated that the public sector faced more problem than the private sector in measuring and implementing PMS. Furthermore, they found out that in the university, problem occurred in design and implementation process of PMS due to unclear on the main purpose of the measurement system. Conflict happens for its non-oriented target on design and implementation process. Meanwhile, Neumann & Guthrie(2006) highlighted issues of data reliability, development and use of performance indicators, and data reporting in scrutiny Australian universities performances. They concluded that the teaching and learning, and research and development activities of universities are highly complex challenges for the formulation of performance indicators and their measurement.

Conclusion

As a conclusion, the integration of strategic planning in higher education has provided a framework to facilitate institutions vision, mission, values, goals, and strategies. The literature has indicated that there is significant association between strategic planning and in allocation of resources as a key component to determine the institutional performance. Strategic planning process is used to measure institutional effectiveness including all important activities and is heavily linked to the process of decision making including the budget process (Holwick, 2009). As a result, findings show that funding systems is one of the major factors influencing higher education institutional strategies (HEFCE, 2010; Kettunen, 2008; Rolfe, 2001; Strehl, et al., 2007a). Therefore, improved of funding system are expected to stimulate strategic activities within HEIs including staffs development, and improvement of structures, outcomes, activities and processes. With smart funding strategies world class institutions might be become reality where HEIs have a capacity to strive for excellence with the interest to society or to the government to develop the nation economic growth (Kretovics & Michaels, 2007)

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